



Matthew G. Bevin
Governor

Charles G. Snively
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Michael J. Schmitt
Chairman

Robert Cicero
Vice Chairman

Talina R. Mathews
Commissioner

June 1, 2018

PARTIES OF RECORD

Re: Case No. 2017-00483

Attached is a copy of a memorandum, which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the memorandum, please do so within five days of receipt of this letter.

If you have any questions, please contact Ben A. Bellamy, Staff Attorney, at 502-782-2584

Sincerely,

A handwritten signature in blue ink that reads "Gwen R. Pinson".

Gwen R. Pinson
Executive Director

bab

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2017-00483
FROM: Benjamin Bellamy, Staff Attorney III
DATE: May 31, 2018
Re: Informal Conference of May 18, 2018



Pursuant to an Order entered on May 9, 2018, an informal conference was conducted on May 18, 2018. The IC was held at the request of Kentucky Utilities, Inc. ("KU") to discuss procedural matters related to the upcoming hearing in this matter. A copy of the attendance roster is attached hereto.

KU provided an overview of the proposed project and amendment to its Environmental Compliance Plan and provided Commission staff with the attached PowerPoint summarizing information in the record of this matter. Commission Staff inquired about the Main Ash Pond Closure Plan referenced in the Division of Waste Management permit, and KU indicated it would file the referenced document into the record.

KU and Commission Staff discussed the procedures that might be followed at the hearing and which witnesses, if any, KU might be required to produce at the hearing. KU posed options should the Commission decide it did not need to conduct a formal hearing, including the option for KU to present a panel discussion of the proposed project that is similar to a fuel adjustment clause hearing. Staff will discuss with the Commissioners and respond to KU at a future date.

There being no further discussions, the IC was then adjourned.

CC: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)
UTILITIES COMPANY FOR A CERTIFICATE)
OF PUBLIC CONVENIENCE AND NECESSITY) CASE NO.
AND APPROVAL OF AMENDMENT TO ITS) 2017-00483
2016 COMPLIANCE PLAN FOR RECOVERY)
BY ENVIRONMENTAL SURCHARGE)

May 18, 2018

Please sign in:

NAME

REPRESENTING

Andrew Bowker

Staff - Legal - PSC

Mary Whitaker

PSC - FA

Paul R. Payne

SKO for WSC - KU

Robert M. Conroy

KU

Scott Straight

KU

Jeffrey Heun

KU

Alyson Sturgen

KU

Rick Lovetkamp

KU

Nancy Vinsel

PSC - Legal

Ben Bellamy

PSC - Legal

Case No. 2017-00483 – In the Matter of: Application of Kentucky Utilities Company for a Certificate of Public Convenience and Necessity and Approval of Amendment to its 2016 Compliance Plan for Recovery by Environmental Surcharge



Informal Conference
May 18, 2018



Application

January 26, 2018

- Request for Certificate of Public Convenience and Necessity ↪ (“CPCN”) for:
 - (1) construction of an amended Phase II of the landfill at the E.W. Brown Generating Station (“Brown” or “Brown Station”) and
 - (2) capping and closing of any remaining surface area of the Brown Main Ash Pond.
- Approval of the amendment to Project 36 in KU’s 2016 ECR Plan for recovery through the ECR mechanism
- Approval of modifications to ES Form 2.01

Status of Proceeding

- Application and Testimony filed on January 26, 2018
- No Intervention from any other party
- Two rounds of discovery from the Commission have occurred
- Hearing is scheduled for June 21, 2018

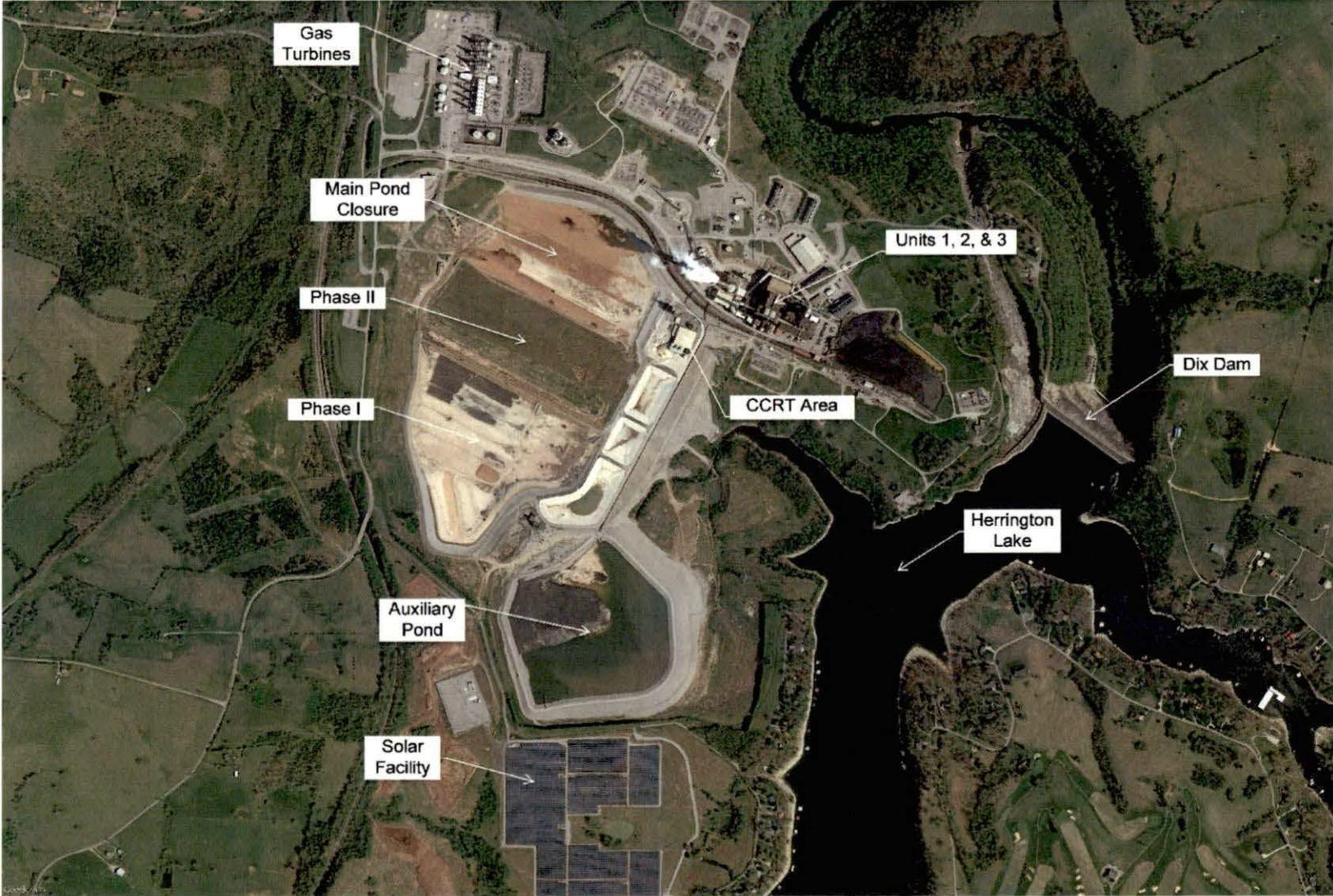
Background of Brown Main Ash Pond

- In KU's 2009 ECR Plan, the KPSC approved Project 29 for the Brown Main Ash Pond Expansion.
- In KU's 2011 ECR Plan, the KPSC approved an amendment to Project 29 to allow for the conversion of the Brown Main Ash Pond to a Dry Landfill (Phase I only).
- In KU's 2016 ECR Plan, KPSC approved construction of Phase II of the Brown landfill as Project 36.
- Construction of Phase II was delayed as KU continued to evaluate long-term generation needs. CPCN authority for Phase II of the Brown landfill expired in August 2017.

Background of Brown Main Ash Pond

- Due to the decision to retire Brown Units 1 and 2 and decreased CCR production from the Brown generating units, KU is proposing to amend Project 36.
- Amendment to Project 36
 - Constructing smaller than originally approved Phase II Landfill
 - Capping and closing the remaining surface area of the Brown Main Ash Pond
- KU anticipates construction to commence in August 2018.

E.W. Brown Generation Station Aerial

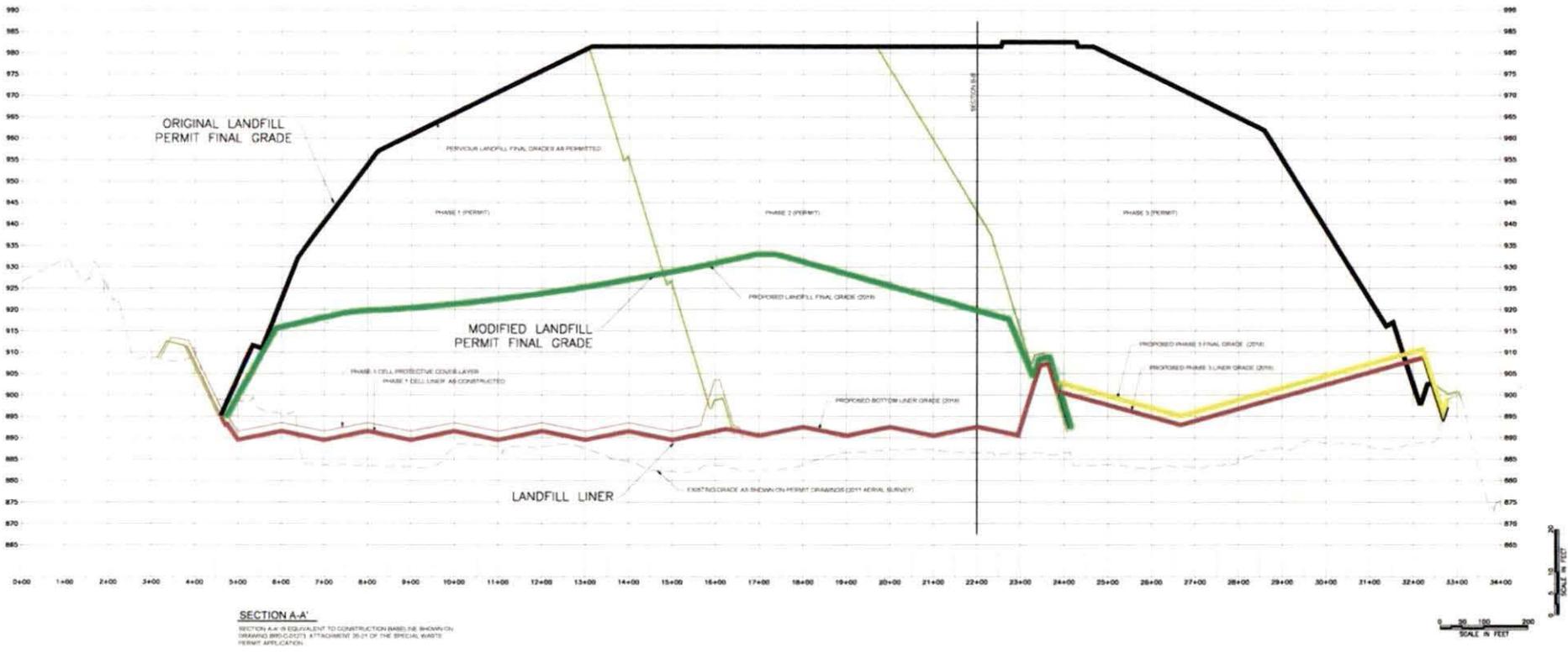


E.W. Brown Landfill – Engineering Plan View



E.W. Brown Landfill – Elevation View

- Key Facts – Original vs. Amended Landfill
 - Maximum Height – 100-feet vs 45-feet
 - Landfill Area – 99.3-acres vs 67.5-acres



Cost Comparison (\$000)

Landfill Phase II		
Description	2016 ECR Filing & Future Cost	Amended 2016 ECR Filing
Phase II - Landfill	\$11,851	\$0
Phase III - Landfill	\$16,198	\$0
Amended Phase II - Landfill	\$0	\$8,874
Main Pond Closure	\$0	\$5,807
E.W. Brown Landfill Projects Total	\$28,049	\$14,681

Process Water System	
Description	Cost
2016 ECR Process Water System	\$71,700
BR 1 & 2 Retired Process Water System	\$25,100
Delta	\$46,600

Schedule Impacts

Anticipated Landfill In Service Dates		
Description	2016 ECR Filing	Amended 2016 ECR Filing
Phase I	In Service	In Service
Phase II	12/31/17	N/A
Phase III ¹	12/31/19	N/A
Amended Phase II	N/A	12/31/18

Anticipated Closure Dates		
Description	2016 ECR Filing	Amended 2016 ECR Filing
Main Pond Closure ²	12/31/19	12/31/19
Landfill Closure	2035	2035

1 - Timing in the 2016 ECR filing was based on all three coal fired units at E.W. Brown remaining in service.

2 - Closure of the Main Ash Pond in the 2016 ECR filing was tied to Phase III landfill construction.

CONCLUSION

KU asks the Commission to enter an order by July 25, 2018:

- granting a CPCN to construct Amended Project 36;
- approving the amendment to Project 36 in KU's 2016 ECR Plan for purposes of recovering the costs of this project through the environmental surcharge mechanism;
- approving the proposed environmental surcharge tariff effective for bills rendered on and after August 30, 2018;
- approving the recovery of the requested overall rate of return; and
- approving the modification of ES Form 2.01.

Next Steps

- Witnesses
- Hearing
- Further Questions

*Honorable Allyson K Sturgeon
Senior Corporate Attorney
LG&E and KU Energy LLC
220 West Main Street
Louisville, KENTUCKY 40202

*Honorable Kendrick R Riggs
Attorney at Law
Stoll Keenon Ogden, PLLC
2000 PNC Plaza
500 W Jefferson Street
Louisville, KENTUCKY 40202-2828

*Rick E Lovekamp
Manager - Regulatory Affairs
LG&E and KU Energy LLC
220 West Main Street
Louisville, KENTUCKY 40202

*Robert Conroy
LG&E and KU Energy LLC
220 West Main Street
Louisville, KENTUCKY 40202

*Kentucky Utilities Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40232-2010